

ADDENDUM TO THE FINAL STATEMENT OF REASONS
FOR RULE CHANGES UNDER THE
CORPORATE SECURITIES LAW OF 1968

A nonsubstantive change to Section 260.204.9 was made to include the words “of the Code” to clarify the reference to Section 25230.

In addition to the comments addressed by Elisa Lowy, Senior Partner, Pillsbury Winthrop LLP, letter dated August 8, 2001, redacting and superceding an earlier letter of April 30, 2001. (COMMENTOR 10), the Department also wishes to address the following comments included in the April 30, 2001 letter.

COMMENTS: Although the comments redacted and superceded an earlier letter of April 30, 2001, the commentor’s earlier letter (comments 1 and 2) suggested a definition of “client” and a limitation of fewer than 30 clients (rather than fewer than 15 clients).

RESPONSE: The definition of “client” together with the limitation of fewer than 15 clients are based on Section 203(b) of the Investment Advisers Act of 1940 and are therefore not intended to deviate from those federal standards.